

## Message Text

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C O N F I D E N T I A L BUDAPEST 3309

LIMDIS

E.O. 11652: GDS

TAGS: OVIP (MORTON), HU

SUBJ: SECRETARY OF COMMERCE MORTON'S MEETING WITH PRIME MINISTER

LAZAR: MFN AND THE CROWN

1. DURING SECRETARY MORTON'S FORTY-MINUTE MEETING AFTERNOON OCTOBER  
8

WITH PRIME MINISTER LAZAR, CONVERSATION RANGED WIDELY OVER HUNGARY'S  
RECENT ECONOMIC ACCOMPLISHMENTS -- ESPECIALLY ITS INCREASED AGRICULTU  
RAL  
PRODUCTION -- AND ITS GOALS IN 1976-1981 FIVE YEAR PLAN.

2. LAZAR, WHO WAS RELAXED, OUTGOING AND AFFABLE THROUGHOUT, RECEIVED  
WITH SOME SURPRISE BUT OBVIOUS PLEASURE SECRETARY MORTON'S INVITATION  
THAT DEPUTY PRIME MINISTER SZEKER AND FOREIGN TRADE MINISTER BIRO MAK  
E

OFFICIAL VISIT TO U.S. IN SPRING 1976. PRIME MINISTER AGAIN MADE IT  
CLEAR IN REASONABLE, STRAIGHTFORWARD MANNER THAT GOH SEEKS PROMOTE  
TRADE AND COMMERCE WITH U.S. AND TO NORMALIZE RELATIONS JUST AS RAPID  
LY

AS POSSIBLE. THERE ARE, HOWEVER -- AS LAZAR POINTED OUT WITH CANDOR  
AND VERY MATTER-OF-FACTLY -- TWO IMPEDIMENTS TO ACHIEVEMENT OF THAT  
GOAL: 1) LACK OF MFN; AND 2) CROWN OF ST. ISTVAN. WITH RESPECT

TO MFN, PRIME MINISTER SAID GOH CLEARLY UNDERSTANDS POSITION OF  
PRESIDENT FORD AND THAT OF SECRETARY KISSINGER ON ONE HAND, AND THAT  
OF U.S. CONGRESS ON THE OTHER. AS LONG AS TRADE ACT OF 1974 REMAINS

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IN EFFECT, HUNGARY BELIEVES IT IS VICTIM OF DISCRIMINATION. WITH

RESPECT TO ROYAL HUNGARIAN REGALIA, LAZAR SAID HE HAD EXPRESSED OFFICIAL GOH POSITION TO AMBASSADOR MCAULIFFE LAST JULY AND HAD ASKED THAT HIS STATEMENT BE CONVEYED TO HIGHEST GOVERNMENTAL LEVELS IN WASHINGTON; FOREIGN MINISTER PUJA HAD MADE IDENTICAL REPRESENTATION TO SECRETARY KISSINGER WHEN THEY MET IN HELSINKI; AND WHEN DEPUTY SECRETARY INGERSOLL VISITED BUDAPEST IN SEPTEMBER BOTH FONOFF AND PARTY LEADERS HAD AGAIN EXPRESSED HUNGARY'S DESIRE TO EFFECT RETURN OF THESE OBJECTS TO HUNGARIAN PEOPLE. WHILE EMPHASIZING THAT GOH WAS NOT REPEAT NOT IMPATIENT ABOUT SOLVING MFN AND CROWN, LAZAR LAID EQUAL STRESS ON SERIOUSNESS OF HUNGARIAN PURPOSE AND GOH'S FIRM INTENTION TO MAKE PALPABLE PROGRESS. SECRETARY MORTON REPLIED THAT HE WELCOMED PRIME MINISTER'S CLEAR AND FRANK STATEMENT OF GOH POLICY AND ADDED THAT HE WOULD UPON HIS RETURN TO WASHINGTON DISCUSS ALL THESE ISSUES WITH PRESIDENT FORD AND WITH SECRETARY KISSINGER.

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